

Risky Republican Privatization Plan Will Cut Social Security Benefits by more than 40 Percent and Hurt Women

The Republican privatization proposal hurts everyone, but women are particularly at risk. This proposal will cut guaranteed Social Security benefits by more than 40 percent in the coming decades. Risky private accounts, which endanger retirement benefits for millions of Americans, won't make up the drastic loss in benefits. Social Security needs a solid source of funding, not a plan that makes the problem worse by draining \$2 trillion dollars away from Social Security. This plan forces America to borrow trillions from foreign countries and leads to future tax increases. Under the Republican proposal, Social Security does not get stronger – it gets weaker.

Social Security provides retirement security and economic security to women. More than 24 million women receive Social Security benefits. Women make up 58 percent of seniors receiving Social Security. Without Social Security, 53 percent of all senior women would be poor. In 2000, Social Security lifted seven million senior women out of poverty. At the end of 2003, the average monthly retirement benefit for women was \$798.

Even though more than 24 million women receive Social Security, Republicans are advocating Social Security privatization that will hurt everyone, including today's beneficiaries. Privatization would take approximately \$2 trillion from Social Security in just the next decade, endangering the benefits of current retirees and people with disabilities. It would also directly cut benefits by more than 40 percent for future generations -- even for people who decide not to set up a private account.

These Republican cuts would apply to disability and survivor benefits -- particularly harming women. More than 7.5 million women on Social Security and 2.7 million children under 18 receive disability or survivor benefits, and yet the Republican plan would cut these benefits drastically. And workers who become disabled or die young would not have worked long enough to build up a private account to help support them or their surviving spouse and children.

Republican privatization plans cut benefits and make women worse off. The Republican privatization plan will also harm women more, as women's life expectancy at age 65 is three years longer than men. So, any contributions to the private account would have to stretch out over more years. In addition, the private accounts do not have the guaranteed annual cost-of-living increase in Social Security, which would jeopardize the retirement and economic security of older women through a gamble in stock market. Even further, the head of the Social Security-writing committee, Republican Chairman Bill Thomas, has proposed cutting Social Security benefits more for women, because of their longer lifespan.

Social Security is a good deal for women; risky Republican private accounts are not. Social Security gives people with lower earnings a greater return on what they paid in, and women on average have lower incomes and less time in the workforce. In fact, women's earnings are only 77 percent of men's, despite the economic progress women have made. But private accounts would not be as progressive as the current benefit, and are a risky alternative to Social Security. In fact, the Congressional Budget Office reports that private accounts would not make up for the Social Security benefit cuts, when you take the risk of investing in the market into account.

Americans have paid into Social Security for years – and Democrats will fight to protect those benefits. Social Security is based on the contributions of millions of workers to ensure that every American can achieve retirement security. Congress should not be allowed to spend Social Security taxes on anything but Social Security benefits. Democrats will fight to protect Social Security and to bolster retirement security by expanding opportunities to save through 401(k), IRA, and other pension options.